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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 25, 2003

PETITION OF

CAVALIER TELEPHONE, LLC

CASE NO. PUC-2002-00088

For Injunction Against Verizon
Virginia Inc. for Violations
of Interconnection Agreement
and For Expedited Relief to Order
Verizon Virginia Inc. to Provision
Unbundled Network Elements in Accordance
with the Telecommunications Act of 1996

ORDER ESTABLISHING HEARING

On April 19, 2002, Cavalier Telephone, LLC ("Cavalier")
filed the above-captioned petition with the State Corporation
Commission ("Commission").

On May 10, 2002, Verizon Virginia Inc. ("Verizon Virginia")
responded to the Cavalier petition and requested that it be
dismissed.

The Commission, in its Order Directing Investigation issued
October 28, 2002, denied Verizon Virginia's motion to dismiss
and directed the Staff of the Commission ("Staff") to
investigate Verizon Virginia's policies and practices in the
provisioning of DS-1 UNE loops to Cavalier. A procedural
schedule was also established.

Allegiance Telecom of Virginia, Inc. ("Allegiance"), filed
a motion to intervene on November 5, 2002. Motions to intervene

were also filed by NTELOS Network Inc. and R&B Network Inc. (jointly "NTELOS"), Covad Communications Company ("Covad"), and AT&T Communications of Virginia, LLC ("AT&T"). NTELOS, in its motion, requested that the Commission expand its investigation to include Verizon Virginia's UNE provisioning practices as they relate to digital subscriber lines ("DSL") and voice grade loops.

The Commission, in its Order dated November 26, 2002, granted the intervention requests of Allegiance, NTELOS, Covad, and AT&T but denied NTELOS' request to expand the investigation to include DSL and voice grade loops. The Order also served to modify the procedural schedule originally set forth in the Commission's Order of October 28, 2002.

XO Virginia, LLC ("XO"), on December 13, 2002, filed a motion to intervene. The Commission, in its Order of January 24, 2003, granted the XO motion.

On January 30, 2003, the Staff filed its Report as directed by the Commission. As a result of its investigation, the Staff determined that, for all practical purposes, Verizon Virginia had changed its DS-1 UNE loop provisioning policy and practices in the mid-2001 timeframe. The Staff asserts that Verizon Virginia had altered the meaning of what constitutes construction to include non-construction activities. Further, the Staff asserts that Verizon Virginia's DS-1 UNE loop provisioning policy conflicts with the Total Element Long Run

Incremental Costs ("TELRIC") pricing assumptions adopted by the Commission in Case No. PUC-1997-00005 ("TELRIC pricing case").

Among the possible remedies highlighted by the Staff, the first would require Verizon Virginia to construct and rearrange DS-1 UNE loop facilities in accordance with the underlying assumptions of TELRIC; the second remedy would, if the Commission decided that Verizon Virginia was not obligated to construct new plant to fulfill DS-1 UNE loop requests, re-determine TELRIC prices to reflect the absence of that obligation; and a third possible remedy would set special access rates at TELRIC prices.

The Staff Report also included a legal brief that addressed the potential preemption of the Commission's jurisdiction and authority by federal law, assessed the effect of the Federal Communication Commission's ("FCC") then-pending Triennial Review Order, and articulated the pertinent state law applicable to this proceeding.

On February 13, 2003, Allegiance, AT&T, Cavalier, and Verizon Virginia each filed reply comments to the Staff's Report of January 30. Allegiance, AT&T, and Cavalier recommended that the Commission adopt the first possible remedy. AT&T opposed the second possible remedy. Verizon Virginia opposed all of the possible remedies, disputed the Staff's conclusions, argued that the Staff's Report and legal brief were "seriously flawed," again asked the Commission to dismiss Cavalier's complaint,

requested an evidentiary hearing, and asked for the opportunity to brief legal issues raised by the pending Triennial Review Order.

NOW UPON CONSIDERATION of the pleadings and applicable law, we find that there is sufficient dispute to set this matter for hearing. The Commission will convene a hearing to receive evidence from the parties of record relevant to the following questions: 1) did Verizon Virginia's policy or the implementation of its policy affecting DS-1 UNE loop provisioning change and, if so, when; 2) does Verizon Virginia's DS-1 UNE loop provisioning policy properly reflect the assumptions underlying the TELRIC study that resulted in the current prices for DS-1 UNE loops; (3) what are the obligations of a carrier of last resort; (4) should the Commission order Verizon Virginia to change its DS-1 UNE loop provisioning policy; (5) what legal effect, if any, does the FCC's Triennial Review Order have upon the issues presented in this case; and (6) what remedies, if any, are appropriate if Verizon Virginia's policy is found to be unlawful?

Accordingly, IT IS ORDERED THAT:

(1) A hearing before the Commission shall be convened in this matter on June 17, 2003, at 10:00 a.m. in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence relevant to the questions set forth above.

(2) On or before April 25, 2003, each party shall file with the Clerk of the Commission, c/o Document Control Center, P. O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of any testimony and exhibits that it wishes to present at the hearing relevant to the questions set forth above.

(3) On or before May 13, 2003, Commission Staff shall file with the Clerk of the State Corporation Commission at the address set forth above, an original and fifteen (15) copies of any testimony and exhibits that it wishes to present at the hearing relevant to the questions set forth above.

(4) On or before June 2, 2003, each party shall file with the Clerk of the Commission, at the address set forth above, an original and fifteen (15) copies of any rebuttal testimony and exhibits that it wishes to present at the hearing.

(5) The parties shall respond to interrogatories and document requests within five (5) business days of receipt thereof.

(6) This case is continued pending further order of the Commission.